

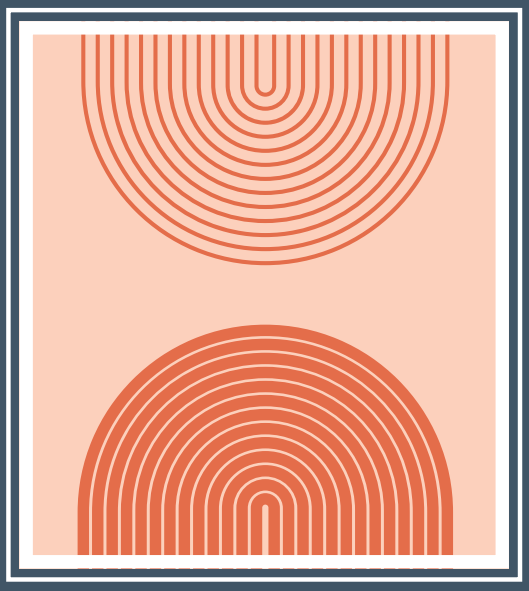




Building a Better Financial Future

MONEY MOVES WHEN EXPANDING YOUR FAMILY



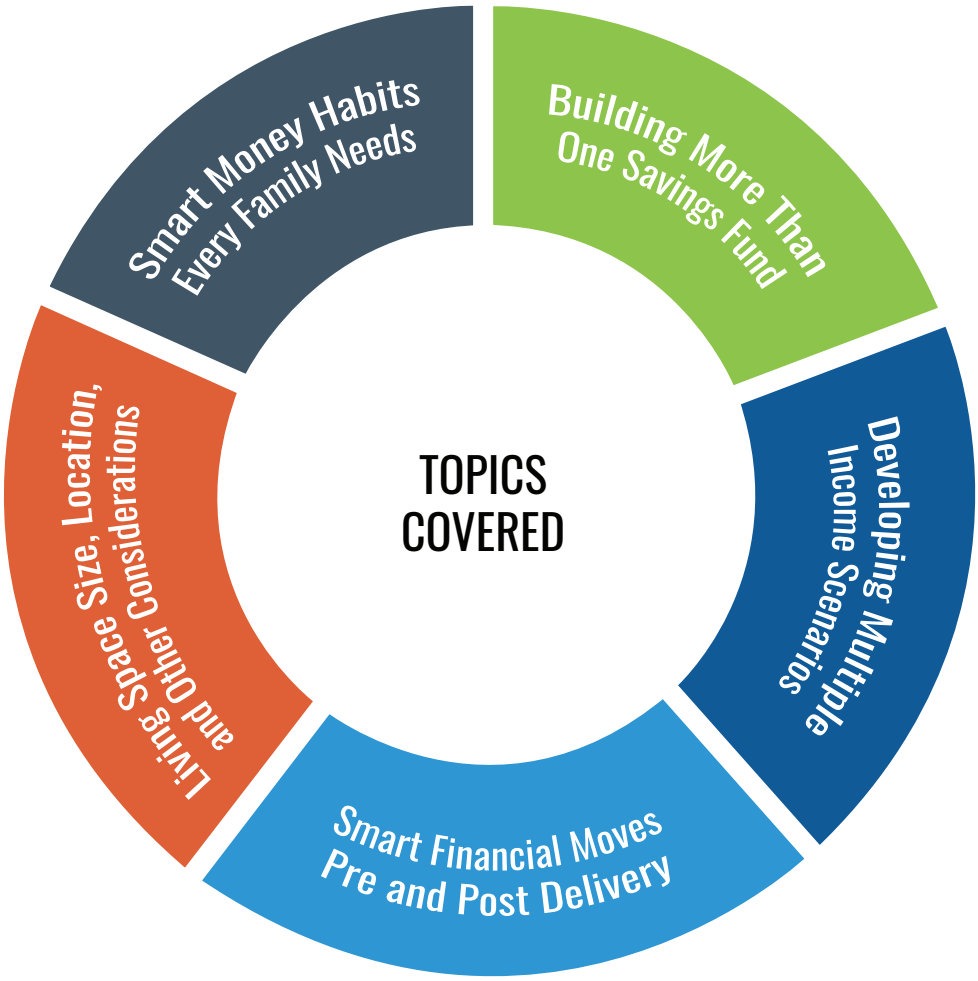


"You can truly make a difference in your financial situation through the actions and decisions you make every day with your money."



BUILDING A BETTER FINANCIAL FUTURE | EXPANDING YOUR FAMILY

As you consider adding children to your relationship, there are several financial matters to complete so that your expanding family doesn't cause any money hardships. Fortunately, the moves to make are not difficult and as your family grows having your financial matters in order will only make the time even more enjoyable. Planning before you start having children is a good move to make both financially and for your relationship. Always consider that your priorities might change when your children arrive and it is important to consider how this will impact your financial decisions and situation.



KEY TAKEAWAYS

1. Building many different savings/ emergency funds before the baby arrives will help lessen the potential for any financial issues
2. Plans for baby include more than choice of room décor and baby essentials – focusing financial choices after arrival is critical pre-baby planning
3. Raising kids increases your expenses in ways that you might not expect which is why building a budget and having a plan is important
4. Being a financially conscious family with smart money habits is one of the best ways to fully navigate financial changes that children bring

BUILDING MORE THAN ONE SAVINGS FUND

When you decide to start adding children to your family it becomes even more important that you have sufficient funds in a variety of different savings accounts. These accounts will help you have the money for the many different financial situations that you may face as your family expands. Adding to your savings will be easier before children arrive, and it is important to continue saving after your baby arrives.

COACHING POINTS

- Have accounts with specific purposes
- Use reduction of expenses as one way to fund accounts
- Maybe it's time to start a side hustle
- Try to keep adding to the funds after baby arrives
- Be creative and find ways to preserve your savings

BUILDING MORE THAN ONE SAVINGS FUND

How to find money to save:



BUILDING MORE THAN ONE SAVINGS FUND



Savings Accounts to Build	Why Emergency/Savings Funds Matter
Health savings account	Reduce need to build debt for unexpected expenses
Pre-baby shopping fund	Provides cushion if you want to change working plans
Short term emergency fund	Spending money on family fun is important
Long term emergency fund	Health expenses are automatically going to increase
Fun account for after baby arrives	As your family expands emergency funds are necessary

DEVELOPING MULTIPLE INCOME SCENARIOS

One of the most difficult decisions when deciding to have children is determining how long one parent stays at home with the children. It could be for weeks, months, years or perhaps reducing to part time or occasional work. All of these different working options have a financial impact on your family situation from either a reduction of income or an increase in expenses. Decisions you make pre-baby arrival might suddenly change for a variety of reasons so the best way to be prepared is to develop multiple budgets using all the different potential options.

COACHING POINTS

- Deciding if and how much to work after kids arrive is a difficult decision
- Building multiple budgets allows for more flexibility on when to make a final decision
- Reducing your spending will be key to building a workable budget
- Some expenses such as the cost of food will increase when kids arrive
- There are several new expenses that you need to include in your scenarios

DEVELOPING MULTIPLE INCOME SCENARIOS

How to financially prepare for kids:



Develop multiple income scenarios

- Go to one income
- Reduce to part time income
- Keep with two incomes
- Change jobs that impact income



Build several budgets based on income scenarios

- Use expected take home pay
- Include new expenses related to baby
- Some existing expenses will increase
- Don't forget additional insurance costs



Find ways to reduce spending

- Eat out less
- Decrease streaming services
- Adjust workout expenses
- Modify travel and entertainment plans



Expenses that might be able to be reduced

- Car and homeowner insurance by shopping alternatives
- Refinance mortgage to lower payment
- Trade cars to reduce monthly payment
- Consolidate student loan debt

New expenses to consider with kids:

Daycare if working part or full time	Food & personal care (diapers, baby food, clothes)	Kids' activities from educational to sports
Increased healthcare and health insurance costs	Babysitting for parents' night out	Increased vacation and travel expenses

Cost of Raising a Child to Age 18

- $233,610*
- 18% towards food
- 29% for cost of housing
- 15% for transportation
- 9% for healthcare
- 6% for clothing
- 16% childcare and education
- 7% miscellaneous

*based on middle income, married couple spending



SMART FINANCIAL MOVES PRE AND POST DELIVERY

Once you have made the decision to move forward with expanding your family, there are several moves you should make both before the baby arrives and soon after the baby arrives. These moves are important in order to protect your financial situation and they reflect the added responsibility that comes with having children. None are difficult or have to be time consuming if you have been building your financial foundation.

COACHING POINTS

- Build a pre-baby spending budget to avoid building debt
- Healthcare and contributions to related accounts need to be addressed
- Estate planning is very important when you add children to your family
- Revisit your short and long term plans and make adjustments
- Make sure to get started right away on financial activities for your new child

SMART FINANCIAL MOVES PRE AND POST DELIVERY



Before Baby Arrives Checklist

- [ ] **Pre-baby spending budget**
  - Crib, room décor, essential baby gear
  - Consider what baby gifts you'll be receiving
- [ ] **Understand healthcare costs**
  - How much you'll be required to cover
  - Amount your health insurance premium will increase
- [ ] **Make changes to contribution accounts**
  - Perhaps increase health savings account
  - Start a flexible spending account for daycare
- [ ] **Automate more of your finances**
  - Setup recurring bill payment or ACH
  - Start depending on alerts and mobile access
- [ ] **Get your leave planned**
  - For mom-to-be, work with HR for all leave documents
  - Utilize employer benefits such as short term disability if applicable



After Baby Arrives Checklist

- [ ] **Track spending for the first few months**
  - To confirm your budget works
  - Uncover other expenses that can be trimmed
- [ ] **Discuss & adjust short/long term goals**
  - Confirm agreement on major expenses
  - Adjust long term goals to reflect expanding family
- [ ] **Re-evaluate life & disability insurance**
  - Decide if life insurance coverage needs to increase
  - Strongly consider adding long term disability insurance
- [ ] **Avoid new parent euphoria spending**
  - Be careful of buying toys for no reason
  - Don't overspend on clothes they'll only outgrow - stick to a budget
- [ ] **Update important estate planning docs**
  - Change beneficiaries on retirement savings, life insurance, etc
  - Add trust and guardianship designations to plan

SMART FINANCIAL MOVES PRE AND POST DELIVERY



Financial Moves for Your New Child



Apply for a social security card



Consider a small life insurance policy



Direct part of gifts towards saving



Start a 529 college savings plan



Open a savings account

LIVING SPACE SIZE, LOCATION, AND OTHER CONSIDERATIONS

When adding children to your household, there are several considerations involving your housing. This applies whether you rent or own a home. Some of these issues won't need to be resolved right away, but need to be part of your planning process so that you can deal with them at the appropriate time.

COACHING POINTS

- There are several questions that need to be answered so that you can make long term housing decisions
- Changing living spaces might be needed and will potentially require different financial choices
- Commuting time is an important element if deciding where to live once you begin adding children
- Expense control will be extremely important if you need to increase your living space by moving
- Be creative when looking for additional income - ideas include side gigs and selling stuff you no longer need

LIVING SPACE SIZE, LOCATION, AND OTHER CONSIDERATIONS

Questions to answer about living space:

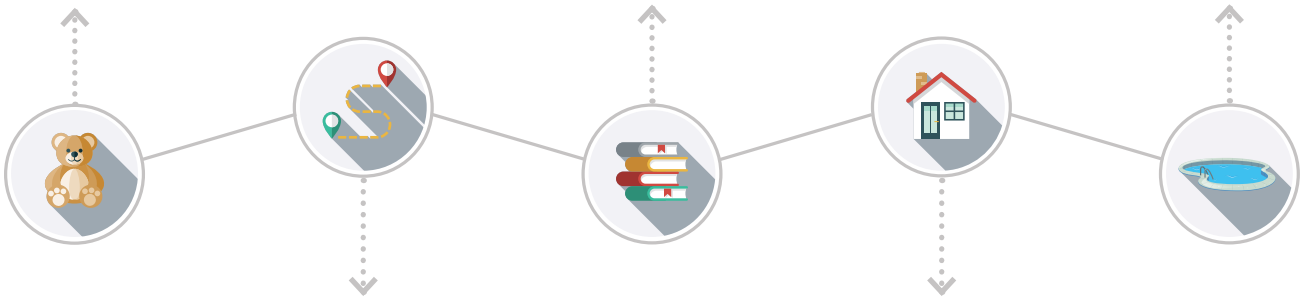
Is it large enough to add a growing child?

Is the location close to work and/or daycare?

What is the reputation of the school district?

Are you close in proximity to your families?

Does your location have family friendly amenities?



Why these questions are important:
If you have to move to a bigger space you might need to change your plans temporarily for work if plans involved working less or not all
Living close to work and/or daycare is more important than you might realize once children arrive due to time saved commuting
School might not be important early in expanding your family but in a few years school reputations might dictate living space choices
It isn't always possible to have family close but if it is possible it can provide an important support network and child care options
As your children grow having access to family friendly parks, recreation areas and even walking opportunities are important sources of family fun

LIVING SPACE SIZE, LOCATION, AND OTHER CONSIDERATIONS



Options if living space needs to change

Start with your budget and look for ways to decrease expenses:

- Increasing deductibles to lower insurance premiums
- Adopting a frugal lifestyle approach
- Reducing non-essential costs like entertainment and vacations
- Changing cars to lower cost

Look for ways to increase your income:

- Developing a side gig or business
- Working overtime or a part-time job
- Using discounts and coupons to make your money go farther
- Selling things you make or don't need anymore

SMART MONEY HABITS EVERY FAMILY NEEDS

If you have not always been the best with practicing good financial habits once you begin adding children it is time to improve your game. Good money habits will help you increase your spending power, provide a solid foundation for future financial moves and help provide a framework for making smart decisions.

COACHING POINTS

- Using good shopping habits is more than just using a coupon occasionally and shopping from a list
- Saving on expenses starts with finding alternatives and buying at different times
- Following important money management practices helps prevent falling into difficult financial situations
- Financial planning efforts will be a significant activity to ensure all your desired goals are achieved
- There are certain financial habits that are foundational moves and provide an important base for success

SMART MONEY HABITS EVERY FAMILY NEEDS

Shopping Habits to Start

1. Comparison shop on all purchases
2. Build a grocery list from a meal plan
3. Wait 24 hours for unplanned expenses
4. Look for discounts and coupons
5. Use frequent shopper rewards programs

Ways to Save on Expenses

1. Trade services like baby sitting
2. Don't pay for convenience such as lawn care
3. Consider DIY when you can for repairs
4. Buy seasonal items off season
5. Consider buying used instead of always new

Money Management Moves to Consider

1. Put non-monthly expenses into monthly budget
2. Look to refinance higher priced loans
3. Don't use credit card debt to cover overspending
4. Build a short term emergency fund
5. Be smart with any windfalls of money

SMART MONEY HABITS EVERY FAMILY NEEDS

Planning Habits that will Make a Difference

1. Save for bigger expenses rather than using credit
2. Regularly review and update your budget
3. Spend time organizing vacations
4. Build a 2 – 4 year financial plan
5. Always keep saving for retirement

Smart Money Habits to Always Have

1. Know where your money is going
2. Understand the impact of debt
3. Build and maintain your credit score
4. Avoid paying late fees on all loans and bills
5. Use online/mobile alerts to monitor your accounts



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